

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

NATIONWIDE MUTUAL INS. CO. *

Plaintiff, *

v. * CIVIL NO.: B-98-3146

RELIANCE INSURANCE CO., et al. *

Defendants. *

* * * * *

MOTION TO REOPEN ACTION

Nationwide Mutual Insurance Company, Plaintiff herein, by its attorneys, Angus R. Everton and Morgan Shelsby Carlo Downs & Everton P.A., hereby moves, in accordance with this Honorable Court's Order of June 13, 2003, to reopen the file in the above-captioned case, and for good cause, states:

1. This is an action for declaratory judgment filed by Nationwide Mutual Insurance Company and naming as Defendants Reliance Insurance Company, United States Fire Insurance Company and The North River Insurance Company. This action arises out of a coverage dispute among the above-named insurance carriers relating to claims filed against Sterling Construction Company and a number of related business entities by Michael Hylton and Baltimore Neighborhoods, Inc., stating claims under the Federal Fair Housing Act, 42 U.S.C. § 3601, *et seq.*, arising out of the design and construction of Red Fox Farms, a Sterling development.

2. As the Court has noted in its Order of June 13, 2003, on May 29, 2001, one of the Defendants, Reliance Insurance Company, was placed into rehabilitation by the Pennsylvania Insurance Commissioner. On June 25, 2001, the Court entered an Order staying the action. On June 13, 2003, the stay remaining in effect, the Court ordered that this action be administratively

closed without prejudice to the right of any party to move to reopen this action for good cause shown.

3. The Rehabilitation of Reliance Insurance Company having been unsuccessful, the Insurer placed in liquidation. On December 13, 2002, Nationwide filed a Proof of Claim against Reliance, a copy of which (without Exhibits, but including the Statement of Facts) is attached hereto as Exhibit 1.

4. On or about July 25, 2003, the Statutory Liquidator filed Notice of Determination as to Nationwide's claim, assigning it a priority level (g). A copy of the Notice of Determination is attached hereto as Exhibit 2. In its Notice of Determination, the Liquidator noted: "At this time it does not appear likely that there will be sufficient funds available to make payment to any class with priority below (b). Claims of priority below (b) will not be evaluated as to amount allowed unless and until it is determined that funds will be available. If funds become available for the priority level of your claim, you will be sent a notice of determination as to amount."

Although the Notice provides for a method of disputing the priority, Nationwide has not seen any basis for disputing the assigned priority as to this claim.

5. As a consequence, Nationwide respectfully requests that the Court reopen this action as to the remaining Defendants, United States Fire Insurance Company and the North River Insurance Company, so that the merits of its claim as regards those insurers may be evaluated. Discovery in this matter is largely completed, and although a substantial amount of documentation is involved in the evaluation, it appears that little further exchange of documents will be necessary.

WHEREFORE, it is respectfully requested that this Motion be granted, and that this action be administratively reopened to proceed on the merits.

Respectfully submitted,

MORGAN SHELSBY CARLO DOWNS & EVERTON P.A.

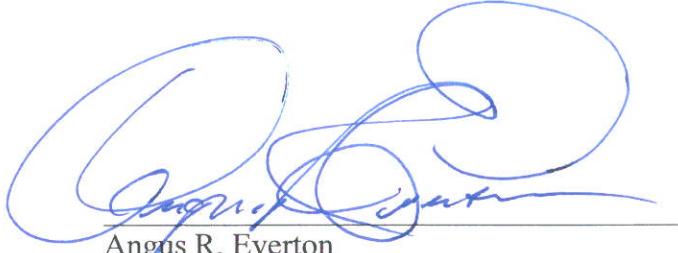


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4th day of September, 2003, a copy of the foregoing Motion to Reopen Action was mailed, proper postage prepaid, to:

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Angus R. Everton